GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1630
ANSWERED ON:01.12.2006
ASSISTANCE BY BANKS TO VICTIMS OF NATURAL CALAMITIES
Pathak Shri Brajesh

Will the Minister of FINANCE be pleased to state:

(a) the guidelines issued by Reserve Bank of India(RBI) in regard to financial assistance to be provided by Public Sector Banks to the victims of natural calamities;

(b) the number of persons of the affected States provided financial assistance during each of the last three years;

(c) whether any new instuction have been issued to the banks/financial institutions of the affected States for providing more assistance to the affected people; and

(d) if so, the details thereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a), (c) & (d): Reserve Bank of India(RBI) has issued comprehensive guidelines on relief measures to be; extended by banks in areas affected by natural calamities, vide its master circular RPCD No.PLFS.BC.10/05.04.02/2005-06 dated July 10, 2006 including facilities and reliefs to existing borrowers and other eligible borrowers. The scope and extent of relief has further been expanded by RBI`s circular dated August 9. 2006. The relief measures include, inter alia, the following:

(a) conversion of the principal amount outstanding in the crop loans and agriculture term loans as well as accrued interest thereon into term loans;
(b) conversion/rescheduling loans and the interest accrued thereon for periods ranging from 3 to 10 years depending u]xÂ»n the frequency of crop failures/intensity of damage to crops;
(c) fresh crop loans for a;Â¥ected farmers;
(d) treatment of converts l/rescheduled agri-loans as `current dues`;
(e) non-compounding of interest in respect of loans converted/rescheduled, etc;
(f) relaxed security and margin norms;
(g) provision of consumption loans to agriculturists whose crop has been damaged; and
(h) moratorium period of at least one year., while restructuring.

Further, the banks have been given certain discretions in respect of relaxation of lending and other norms to affected Self Help Groups and restructuring of loans in retail and consumer loans segment also in a manner suitable to borrowers on a case to case basis. The scope of relief measures was further expanded and the provisions of the earlier circulais were made applicable to all affected restructured borrowal accounts, including accounts of industries and trade, besides agriculture, vide RBI`s circulnr RPCD.PLFS.No.BC.21/05,,05.02/2006-07 dated September 4, 2006. It has also been clarified that asset classification of such restructured accounts as on the date of natural calamity will continue if the restructuring is completed within a period of three months from the date of natural ciilamity.

(b): The information is not available.